

CAMERON PARISH AMBULANCE
DISTRICT NO. 2

FINANCIAL STATEMENTS

December 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/9/11

Cameron Parish Ambulance District No. 2
December 31, 2009

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W. Micheal Elliott, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cameron Parish Ambulance District No. 2

I have audited the accompanying financial statements of the business-type activities of the Cameron Parish Ambulance District No.2, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the Cameron Parish Ambulance District No 2's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Cameron Parish Ambulance District No 2 as of and for the year ended December 31, 2009, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Cameron Parish Ambulance District No 2 has not presented the required budgetary comparison supplementary information and management's discussion and analysis information that the Government Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

In accordance with Government Auditing Standards, I have also issued my reported dated January 10, 2011 on my consideration of the Cameron Parish Ambulance District No. 2's internal control over financial reporting and my tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the result of my audit.

Elliott & Assoc. "APAC"
Leesville, Louisiana
January 10, 2011

BASIC FINANCIAL STATEMENTS

Cameron Parish Ambulance District No. 2
STATEMENT OF NET ASSETS
December 31, 2009

ASSETS

ASSETS

Current assets

| | |
|--|--------------|
| Cash and cash equivalents(Note 3) | \$480,278 |
| Patient accounts receivable, net of estimated uncollectible of -0- (Note 2) | 26,128 |
| Ad valorem tax receivable (Note 5) | 1,692,314 |
| Prepaid expenses | 21,801 |
| Inventories | <u>8,060</u> |

| | |
|-----------------------------|-------------------------|
| Total current assets | <u>2,228,581</u> |
|-----------------------------|-------------------------|

Capital assets (Note 4):

| | |
|---|------------------|
| Property, plant and equipment, at cost, less accumulated depreciation of \$328,304 | <u>1,060,343</u> |
|---|------------------|

| | |
|--------------------------------|-------------------------|
| Total noncurrent assets | <u>1,060,343</u> |
|--------------------------------|-------------------------|

| | |
|---------------------|-------------------------|
| TOTAL ASSETS | <u>3,288,924</u> |
|---------------------|-------------------------|

LIABILITIES

Current liabilities

| | |
|--------------------------------|---------------|
| Accounts payable | 18,819 |
| Accrued vacation (Note 8) | 24,412 |
| Payroll taxes payable | 54,758 |
| Accrued salaries | 9,398 |
| Ad valorem deductions (Note 5) | <u>54,647</u> |

| | |
|----------------------------------|-----------------------|
| Total current liabilities | <u>162,034</u> |
|----------------------------------|-----------------------|

Long term liabilities

| | |
|------------------------------|----------------|
| Deferred tax revenue(Note 6) | <u>442,384</u> |
|------------------------------|----------------|

| | |
|------------------------------------|-----------------------|
| Total long term liabilities | <u>442,384</u> |
|------------------------------------|-----------------------|

| | |
|--------------------------|-----------------------|
| TOTAL LIABILITIES | <u>604,418</u> |
|--------------------------|-----------------------|

NET ASSETS

| | |
|----------------------------|------------------|
| Invested in capital assets | 1,060,343 |
| Unrestricted net assets | <u>1,624,163</u> |

| | |
|-------------------------|---------------------------|
| TOTAL NET ASSETS | <u>\$2,684,506</u> |
|-------------------------|---------------------------|

The accompanying notes are an integral part of the basic financial statements.

EXHIBIT B

Cameron Parish Ambulance District No. 2
Statement of Revenues, Expenses and
Changes in Fund Net Assets
For the year ended December 31, 2009

REVENUE AND SUPPORT

Revenue

Net patient revenue \$136,530

Support

FEMA proceeds 65,891

Ad valorem revenue (Note 5) 1,797,739

Interest income 564

Miscellaneous revenue 12,798

Total support 1,876,992

Total revenue and support 2,013,522

OPERATING EXPENSES

Telephone 1,718

Education 2,164

Salaries and related benefits 957,480

Utilities expense 25,934

Oxygen supplies 9,930

Depreciation expense (Note 4) 163,774

Dispatch services 21,671

Dues and subscriptions 22,690

Station supplies 55,475

Fuel 17,100

Insurance expense 281,180

Equipment rental 3,181

Medical director 3,000

Cell phones 9,968

Professional services 69,858

Uniforms 2,777

Repairs and maintenance 26,792

Medical supplies 39,249

Training supplies 9,342

Office supplies 2,579

Miscellaneous 4,609

Pension deductions-ad valorem 54,647

Total expenses 1,785,118

Change in net assets 228,404

NET ASSETS - BEGINNING OF YEAR 2,456,102

NET ASSETS - END OF YEAR \$ 2,684,506

The accompanying notes are an integral part of the basic financial statements.

Cameron Parish Ambulance District No. 2
 Statements of Cash Flows
 For the year ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|----------------|
| Cash received from customers | \$ 154,502 |
| Cash received from Governments | 2,020,913 |
| Cash payments to suppliers | |
| For goods and service | (774,144) |
| Cash payments to employees for services | (964,948) |
| Net cash provided by operating activities | <u>436,323</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

| | |
|---------------------------------|------------|
| Ad valorem taxes | (223,165) |
| Federal revenue sharing | <u>---</u> |
| Total from noncapital financing | (223,165) |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|---|-----------------|
| Acquisition of property and equipment | <u>14,121</u> |
| Net cash (used) by capital and related financing activities | <u>\$14,121</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|-------------------|-----|
| Investment income | --- |
|-------------------|-----|

| | |
|---|---------|
| Net increase in cash and cash equivalents | 227,279 |
|---|---------|

| | |
|-------------------------|------------------|
| CASH, BEGINNING OF YEAR | <u>252,999</u> |
| CASH, END OF YEAR | <u>\$480,278</u> |

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|----------------|
| Operating income (loss) | \$228,404 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation, net of retirements of accumulated depreciation | (59,997) |
| Accounts receivable | 17,972 |
| Other current liabilities | 49,333 |
| Accounts payable | 2,494 |
| Customers deposits | 1,847 |
| Other assets | (11,897) |
| Accrued expense | (13,025) |
| Deferred revenue | <u>221,192</u> |

| | |
|---|-----------|
| Net cash (used) by operating activities | \$436,323 |
|---|-----------|

The accompanying notes are an integral part of the basic financial statements.

Cameron Parish Ambulance District No. 2
Hackberry, Louisiana
Notes to the Financial Statements
December 31, 2009

NOTE 1 Organization and Summary of Significant Accounting Policies

The Cameron Parish Ambulance District No. 2 (the "District") is a component unit of the Cameron Parish Police Jury. The District operates ambulance services in Hackberry, Holly Beach, and Johnson Bayou communities.

GASB No. 20 requires that governments' proprietary activities apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989.

Reporting Entity—As more fully described in the paragraph above, the Ambulance District is a component unit of the Cameron Parish Police Jury.

The District uses the accrual basis of accounting. The Ambulance District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual method. The Ambulance District's accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in *Louisiana Audit Guide*, and the *Audit and Accounting guide - Health Care Organizations*, published by the American Institute of Certified Public Accountants, and standards established by the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Cameron Parish Ambulance District No. 2
December 31, 2009
Notes to the Financial Statements (Continued)

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates—The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risk Management—The District is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters.

Cash and Cash Equivalents:

For purposed of the statement of cash flows, the Ambulance District considers all highly liquid investments with original maturity of three months or less when purchased to be cash equivalents.

Net Patient Revenue:

Net patient revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Inventories:

Inventories are valued at the latest invoice price, which approximated the lower of cost (first-in, first-out method) or market.

Cameron Parish Ambulance District No. 2
December 31, 2009
Notes to the Financial Statements (Continued)

Capital Assets:

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of each class of depreciable assets. Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. The following estimated useful lives are generally used:

| | |
|-------------------------|-------------|
| Ambulances | 5 years |
| Furniture and Equipment | 3 -10 years |
| Buildings | 30 years |

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimated and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Uncollectible Accounts:

The Ambulance District uses the direct write-off method of recognizing the cost for bad debts. This method provides an estimate of the loss that is applicable to current year revenue, and any adjustment in previous estimates of prior year losses that may be applicable to accounts still remaining on the books.

Income Taxes:

The Ambulance District is a political subdivision and exempt from taxes.

Cameron Parish Ambulance District No. 2

December 31, 2009

Notes to the Financial Statements (Continued)

Environmental Matters:

The Ambulance District is subject to laws and regulations relating to the protection of the environment. The Ambulance District's policy is to accrue environmental and clean up related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of the Ambulance District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Ambulance District. At December 31, 2009, management is not aware of any liability resulting from environmental matters.

NOTE 2 Net Patient Services Revenue

The Ambulance District has agreements with third-party payers that provide for payments to the Ambulance District at amounts different from its established rates. A summary of the payment arrangements with major third-party payers follows:

Medicare - Covered ambulance services are paid based on a fee schedule.

Medicaid - Covered ambulance services are paid based on a fee schedule.

The Ambulance District also has entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Ambulance District under these agreements included prospectively determined rates per ambulance trip, discount on charges, and prospectively determined rates.

The Ambulance District also gives a parish resident discount to any resident of the parish who uses ambulance services. The Ambulance District bills private insurance companies, Medicare or Medicaid, or any other coverage of the patient and accepts this as payment in full from the resident.

Cameron Parish Ambulance District No. 2
December 31, 2009
Notes to the Financial Statements (Continued)

NOTE 3 Cash, Cash Equivalents, Certificates of Deposit and Other Investments

Under Louisiana Revised Statutes 39:2955, the District may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks, organized under Louisiana Law and National Banks having a principal office in Louisiana. Additionally, Louisiana statutes allow the District to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, and mutual or trust funds registered with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies. The District has no formal investment policy.

The District had cash and cash equivalents (book balances) totaling \$480,278 at December 31, 2009.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned. At December 31, 2009, the District had \$501,784 in deposits (collected bank balances). These deposits were secured at December 31, 2009 as follows:

| | |
|-----------------------|----------------|
| FDIC insurance | 250,000 |
| Pledged securities | <u>251,784</u> |
| Total deposits (bank) | <u>501,784</u> |

These pledged securities have a market value at December 31, 2009 of \$600,750. The District is not exposed to custodial credit risk at December 31, 2009.

Cameron Parish Ambulance District No. 2
December 31, 2009
Notes to the Financial Statements (Continued)

NOTE 4 Capital assets

| | Dec 31, <u>2008</u> | <u>Additions</u> | <u>Deletions</u> | Dec 31, <u>2009</u> |
|-----------------------------------|------------------------|-------------------|--------------------|------------------------|
| Ambulances | \$ 978,412 | \$ --- | (282,434) | \$695,978 |
| Buildings | 287,645 | 58,501 | (63,450) | 282,696 |
| Station Equipment | 1,307 | --- | (1,307) | --- |
| Other property and equipment | <u>136,711</u> | <u>25,959</u> | <u>---</u> | <u>162,670</u> |
| Total capital assets | <u>\$1,404,075</u> | <u>\$ 84,460</u> | <u>(347,191)</u> | <u>\$1,141,344</u> |
| Less: accumulated depreciation | <u>(339,881)</u> | <u>(163,774)</u> | <u>175,351</u> | <u>(328,304)</u> |
| Net capital assets | <u>\$1,064,194</u> | <u>\$(79,314)</u> | <u>\$(171,840)</u> | <u>\$ 813,040</u> |

Depreciation expense for the year ended December 31, 2009 amounted to \$163,774.

Construction in progress in the amount of \$247,303 at year end represents the amount of 2009 payments made toward completing the new Hackberry main office location which incurred additional costs in 2010 and was placed in service in March 2010.

NOTE 5 Ad Valorem Taxes

The Ambulance District's property tax is levied by the parish tax assessor on the taxable real property in the District in late October of each year. Bills are sent out in November of each year at which time the Ambulance District records the tax revenue, and becomes a lien in the following March. The collected period for the Ambulance District's property taxes is from December (at which time they become delinquent) to the succeeding May.

The amount included in the ad valorem receivable on the balance sheet is for ad valorem taxes which attach as an enforceable lien on property as of January 1 of each year. Taxes are levied to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The District utilizes the Cameron Parish Tax Collector/Sheriff to bill and collect its property taxes using the assessed values determined by the tax assessor of Cameron Parish.

Cameron Parish Ambulance District No. 2
December 31, 2009
Notes to the Financial Statements (Continued)

For the year ended December 31, 2009, taxes of 13.13 mils was levied on property with assessed valuation totaling at \$128,889,026 and was dedicated to the operations of the ambulance district.

The total amount levied was \$1,692,314. Furthermore, collections of delinquent taxes and other adjustments resulted in total collections of \$1,797,739.

NOTE 6 Deferred Revenue Ad Valorem

Under the terms of a cooperative endeavor/payment in lieu of taxes agreement between the District and Sabine Pass LNG-GP Inc. agreed upon in 2009, Sabine Pass paid \$442,384 in ad valorem taxes to the District in November 2008 and 2009.

The 442,384 represents the latter two of ten years of ad valorem taxes that Sabine Pass would pay from 2019 to 2028 but given to the District to expedite the District's hurricane recovery process. These funds are recorded as deferred revenue and will not be recognized as revenue till beginning in 2019.

NOTE 7 Concentrations of Credit Risk

The Ambulance District grants credits, without collateral of its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2009 was as follows:

| | |
|--------------------------|---------------|
| | <u>2009</u> |
| Medicare | 41.08% |
| Medicaid | 11.63% |
| Other third-party payors | <u>47.29%</u> |
| | 100.00% |

NOTE 8 Compensated Absences

Employees' vacation benefits are recognized in the period earned. Accrued compensated absences at December 31, 2009 totaled \$24,418.

Cameron Parish Ambulance District No. 2
December 31, 2009
Notes to the Financial Statements (Continued)

NOTE 9 Pension Plan

Plan Description

The Ambulance District is a member of the Parochial Employees' Retirement System of Louisiana-Plan A. All full time employees participate in this plan. All full-time, permanent employees working at least 28 hours per week who are paid wholly or in part from the District's funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable services, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Parochial Employees' Retirement System, 7905 Wrenwood Blvd., Baton Rouge, Louisiana 70809-1765, or calling (225) 928-1361.

Funding Policy

The Plan A fund is financed by employee contributions of 9.5% for 2009 and employer contributions as determined by the Public Retirement Systems' Actuarial Committee. The Actuarial committee has determined that the employer contribution rate for 2009 was 12.25%. The actuarial cost method used for Plan A is the aggregate actuarial cost method with allocation based on earnings. Total pension expense was \$94,978, \$87,689, and \$77,633 for the three years ended December 31, 2009, respectively.

Cameron Parish Ambulance District No. 2
December 31, 2009
Notes to the Financial Statements (Continued)

NOTE 10 Contingencies/Litigation/Subsequent Events

In April 2010, the FBI seized the District's accounting records subsequent to the occurrence of defalcation and fraud committed by the former executive director and certain other parties associated with the District's monthly accounting function. More records were seized in July 2010 and most of these records have not been returned as the investigation is still ongoing.

It has been determined that for 2009, excess salaries and compensation for the former director totaled approximately \$82,567.

A substantial amount of theft of District funds and excess compensation for the District Director and others began and allegedly occurred in the first quarter of 2010. This total amount has been tentatively determined, but not verified as of yet and no formal suit has been filed as of this opinion date by the District as the FBI has not concluded its investigation and released its findings to the District's Board. The Cameron Parish District Attorney who will handle the District's future litigation to attempt to recover these missing funds has not filed suit as of this date pending the FBI final report.

NOTE 11 Board Compensation

The Board of Directors served without compensation for the year ended December 31, 2009.

SUPPLEMENTARY INFORMATION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Cameron Parish Ambulance District No. 2

I have audited the financial statements of the business-type activities of the Cameron Parish Ambulance District No. 2 (the "District"), a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2009, which collectively comprise the Cameron Parish Ambulance District No. 2's basic financial statements and have issued my report thereon dated January 10, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Cameron Parish Ambulance District No. 2's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cameron Parish Ambulance District No. 2's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying summary schedule of current year audit findings and management's corrective action plan, that I consider to be significant deficiencies in internal control over financial reporting and identified as 2009-1(IC) and 2009-2(IC). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I did not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying summary schedule of current year audit findings and management's corrective action plan as items 2009-01 through 2009-04.

Cameron Parish Ambulance District No. 2's response to findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the District's responses and accordingly, I express no opinion on them.

This report is intended solely for the information and use of the Ambulance District, management, and the Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

ELH J Assoc. "APAC"

Leesville, Louisiana
January 10, 2011

CAMERON PARISH AMBULANCE DISTRICT NO. 2
Summary Schedule of Current Year Audit Findings
and Management's Corrective Action Plan
Year ended December 31, 2009

| Fiscal Year Finding Initially | Corrective Action | Name of Contact Person | Anticipated/Actual Completion Date |
|-------------------------------------|-------------------------------|----------------------------------|--|
| <u>Ref.No.</u> | <u>Description of finding</u> | <u>Corrective Action Planned</u> | <u>Person</u> |

CURRENT YEAR (12/31/09)-

Internal Control:

| | | | | |
|----------|---|--|---|--------|
| 09-1(IC) | Unknown The District's internal control procedure requiring that all vendor checks over \$1,000 be reviewed and signed by two people, including one Board member, was not adhered to. The policy was ignored by the former Executive Director who signed checks himself or issued bank drafts himself in collusion with certain employees of the former CPA firm. | Yes The District will strictly adhere to its internal control policy of dual signatures by two parties, including one Board member. | Chris Stanley, Interim Exec. Dir. | 9/1/10 |
|----------|---|--|---|--------|

| | | | | | |
|----------|------|---|--|---|--------|
| 09-2(IC) | 2009 | The District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. | Yes The District has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the District to outsource this task to its outside CPA, Darla Perry, who will prepare the monthly financials, reconcile all bank statements and report all financial activity on a monthly basis to the Board. | Chris Stanley, Interim Exec. Dir. | 9/1/10 |
|----------|------|---|--|---|--------|

CAMERON PARISH AMBULANCE DISTRICT NO. 2

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year ended December 31, 2009

There were no internal control findings for the year ended December 31, 2008.

Compliance:

2009.1 Finding: This audit is not being issued within the six months of the close of its December 31, 2009 fiscal year-end. This is a violation of LSA R.S. #24:513 (A) (5).

Management response:

The completion of the audited statements was delayed past the deadline as noted above because of further investigation of the apparent violations of laws and other findings enumerated herein, which initiated the criminal investigation by the FBI which is still ongoing.

2009.2 Finding: The District only had one set of monthly board minutes recorded and published in 2009. This is a violation of LSA RS #42:20 (A).

Management response:

This was the responsibility of the former Executive Director who was involved in the fraud occurrence and did not report this violation to the Board. The Board began documenting and publishing the monthly minutes in July 2010.

2009.3 Finding: The District did not adopt or publish a budget for the December 31, 2009 fiscal year nor amend it at the end of 2009. This is a violation of LSA RS #39:1309 (A).

Management response:

The Board hired a new outside CPA in July 2010 to adopt an annual budget beginning in 2011.

2009.4 Finding: The former executive director received overtime and excess salary compensation for the year 2009 in the amount of \$142,967; the amount approved in the past by the Board of Directors for this salary was \$60,400 including a \$2,400 ride allotment; thus the former executive director received \$82,567 in excess compensation in addition to the associated matching parochial retirement benefit costs which will be determined as a later date.

Management response:

The Board's new outside CPA as previously described will monitor all salaries and related benefits to insure that only the Board authorized amounts are distributed. These excess amounts will be included in later litigation to recover the excess compensation and other fraudulent amounts from 2010.

CAMERON PARISH AMBULANCE DISTRICT NO. 2

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year ended December 31, 2009

PRIOR YEAR (12/31/08)-

There were no findings during the fiscal year ending December 31, 2008.